

RECIPROCAL TRADE

Agreement and exchanges of notes signed at Asunción September 12, 1946¹

Published by Paraguay February 26, 1947

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Amended by agreement of April 2, 1962²

Notice of intention to terminate given by Paraguay April 2, 1962²

Termination postponed by agreements of September 30 and October 1, 1962,³ and February 27 and March 29, 1963⁴

Articles VII–XII, inclusive, references to articles XI and XII in article XVII, schedules, as amended, and supplementary exchange of notes relating to duties and surcharges terminated June 30, 1963, by agreement of June 26, 1963⁵

Notice of intention to terminate withdrawn by Paraguay June 26, 1963⁵

61 Stat. 2688; Treaties and Other
International Acts Series 1601

AGREEMENT

The President of the United States of America and the President of the Republic of Paraguay, being desirous of strengthening the traditional bonds of friendship existing between the two countries through the maintenance of the principle of equality of treatment in its unconditional and unlimited form as the basis of commercial relations and through the granting of mutual and reciprocal concessions and advantages for the promotion of trade, have resolved to conclude a Trade Agreement so providing and have appointed for this purpose as their Plenipotentiaries:

The President of the United States of America:

Willard L. Beaulac, Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Paraguay; and

¹ For schedules annexed to agreement, see 61 Stat. 2706 or p. 22 of TIAS 1601.

² 13 UST 407; TIAS 5000.

³ 13 UST 2266; TIAS 5194.

⁴ 14 UST 358; TIAS 5322.

⁵ 14 UST 1021; TIAS 5396.

The President of the Republic of Paraguay:

His Excellency Doctor Miguel Angel Soler, Minister of Foreign Relations and Worship;

Who, after having exchanged their full powers, found to be in good and due form, have agreed upon the following provisions:

ARTICLE I ⁶

1. The United States of America and the Republic of Paraguay will grant each other unconditional and unrestricted most-favored-nation treatment in all matters concerning customs duties and subsidiary charges of every kind and in the method of levying such duties and charges, and, further, in all matters concerning the rules, formalities and charges imposed in connection with the clearing of goods through the customs, and with respect to all laws or regulations affecting the sale, taxation, distribution or use of imported goods within the country.

2. Accordingly, articles the growth, produce or manufacture of either country imported into the other shall in no case be subject, in regard to the matters referred to above, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like articles the growth, produce or manufacture of any third country are or may hereafter be subject.

3. Similarly, articles exported from the territory of the United States of America or the Republic of Paraguay and consigned to the territory of the other country shall in no case be subject with respect to exportation and in regard to the above-mentioned matters, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like articles when consigned to the territory of any third country are or may hereafter be subject.

4. Any advantage, favor, privilege or immunity which has been or may hereafter be granted by the United States of America or the Republic of Paraguay in regard to the above-mentioned matters, to any article originating in any third country or consigned to the territory of any third country shall be accorded immediately and without compensation to the like article originating in or consigned to the territory of the Republic of Paraguay or the United States of America, respectively.

ARTICLE II

Articles the growth, produce or manufacture of the United States of America or the Republic of Paraguay imported into the other country shall, after their release from customs custody, be exempt from all internal taxes,

⁶ For an understanding relating to art. I, see p. 942.

fees, charges or exactions other or higher than those imposed on like articles of national origin.

ARTICLE III

1. No prohibition or restriction of any kind shall be imposed by the Government of the United States of America or the Government of the Republic of Paraguay on the importation, sale, distribution or use of any article the growth, produce or manufacture of the other country, or on the exportation of any article destined for the territory of the other country, unless the importation, sale, distribution or use of the like article the growth, produce or manufacture of all third countries, or the exportation of the like article to all third countries, respectively, is similarly prohibited or restricted.

2. If the Government of the United States of America or the Government of the Republic of Paraguay imposes any quantitative regulation on the importation or exportation of any article, or on the sale, distribution or use of any imported article, it shall as a general rule give public notice of the total quantity or value of such article permitted to be imported, exported, sold, distributed or used during a specified period, and of any change in such quantity or value. Furthermore, if the Government of either country allots a share of such total quantity or value to any third country, it shall as a general rule allot to the other country, with respect to any article in which the latter has an important interest, a share based upon the proportion of the total quantity or value supplied by, or in the case of exports a share based upon the proportion exported to, such other country during a previous representative period.

3. The provisions of this Article relating to imported articles shall also apply in respect of the quantity or value of any article permitted to be imported free of duty or tax or at a lower rate of duty or tax than the rate of duty or tax imposed on imports in excess of such quantity or value.

ARTICLE IV

1. If the Government of the United States of America or the Government of the Republic of Paraguay establishes or maintains any form of control of the means of international payment, it shall accord unconditional most-favored-nation treatment to the commerce of the other country with respect to all aspects of such control.

2. The Government establishing or maintaining such control shall impose no prohibition, restriction or delay on the transfer of payment for any article the growth, produce or manufacture of the other country which is not imposed on the transfer of payment for the like article the growth, produce or manufacture of any third country. With respect to rates of exchange and with respect to taxes or charges on exchange transactions, articles the growth, produce or manufacture of the other country shall be accorded unconditionally treatment no less favorable than that accorded to the like articles the

growth, produce or manufacture of any third country. The foregoing provisions shall also extend to the application of such control to payments necessary for or incidental to the importation of articles the growth, produce or manufacture of the other country. In general, the control shall be administered so as not to influence to the disadvantage of the other country the competitive relationships between articles the growth, produce or manufacture of the territories of that country and like articles the growth, produce or manufacture of third countries.

ARTICLE V

1. If the Government of the United States of America or the Government of the Republic of Paraguay establishes or maintains a monopoly for the importation, exportation, sale, distribution or production of any article or grants exclusive privileges to any agency to import, export, sell, distribute or produce any article, the commerce of the other country shall be accorded fair and equitable treatment in respect of the foreign purchases or sales of such monopoly or agency. To this end such monopoly or agency shall, in making its foreign purchases or sales of any article, be influenced solely by considerations, such as price, quality, marketability and terms of purchase or sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing or selling such article on the most favorable terms.

2. The Government of the United States of America and the Government of the Republic of Paraguay, in the awarding of contracts for public works and generally in the purchase of supplies, shall accord fair and equitable treatment to the commerce of the other country as compared with the treatment accorded to the commerce of any third country.

ARTICLE VI

1. Laws, regulations of administrative authorities and decisions of administrative or judicial authorities of the United States of America and the Republic of Paraguay, respectively, pertaining to the classification of articles for customs purposes or to rates of duty, shall be published as soon as possible in such a manner as to enable traders to become acquainted with them.

2. No administrative ruling by the Government of the United States of America or the Government of the Republic of Paraguay effecting advances in rates of duties or in charges applicable under an established and uniform practice to imports originating in the territory of the other country, or imposing any new requirement with respect to such importations, shall be effective retroactively or as a general rule with respect to articles either entered, or withdrawn from warehouse, for consumption prior to the expiration of thirty days after the date of publication of notice of such ruling in the usual

official manner; provided that, in respect to articles imported into the Republic of Paraguay, the foregoing provisions as to the effective date of administrative rulings may be limited (a) to articles which at the time of such publication are in a Paraguayan customs warehouse, (b) to articles which at such time are *en route* and (c) to articles which at such time are covered by complete export shipping documents already issued. The provisions of this paragraph shall not apply to administrative orders imposing anti-dumping duties, or relating to regulations for the protection of human, animal or plant life or health, or relating to public safety, or giving effect to judicial decisions.

3. Greater than nominal penalties shall not be imposed by the Government of the United States of America or the Government of the Republic of Paraguay in connection with the importation of articles the growth, produce or manufacture of the other country because of errors in documentation which are obviously clerical in origin.

4. The Government of the United States of America and the Government of the Republic of Paraguay will accord sympathetic consideration to, and will afford adequate opportunity for consultation regarding, such representations as the other Government may make with respect to the operation of customs regulations, quantitative regulations or the administration thereof, the observance of customs formalities, and the application of sanitary laws and regulations for the protection of human, animal or plant life or health.

5. If the Government of the United States of America or the Government of the Republic of Paraguay makes representations to the Government of the other country in respect of the application of any sanitary law or regulation for the protection of human, animal or plant life or health, and if there is disagreement with respect thereto, a committee of technical experts on which each Government shall be represented shall, on the request of either Government, be established to consider the matter and to submit recommendations with respect thereto.

ARTICLE VII

Articles the growth, produce or manufacture of the United States of America, enumerated and described in Schedule I annexed to this Agreement⁷ and made an integral part thereof, shall, on their importation into the Republic of Paraguay, be exempt from ordinary customs duties in excess of those set forth and provided for in the said Schedule, subject to the conditions therein set out. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of the Republic of Paraguay in force on that day. Nevertheless, the Government of the Re-

⁷ See footnote 1, p. 933.

public of Paraguay reserves the right to consolidate, in connection with a general revision of the customs tariff, the duties, taxes, fees, charges or exactions imposed on or in connection with importation, provided that such consolidation does not have the effect of impairing the value of any concession provided for in Schedule I.

ARTICLE VIII

Articles the growth, produce or manufacture of the Republic of Paraguay, enumerated and described in Schedule II annexed to this Agreement and made an integral part thereof, shall, on their importation into the United States of America, be exempt from ordinary customs duties in excess of those set forth and provided for in the said Schedule, subject to the conditions therein set out. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of the United States of America in force on that day.

ARTICLE IX

The provisions of Articles VII and VIII of this Agreement shall not prevent the Government of the United States of America or the Government of the Republic of Paraguay from imposing at any time on the importation of any article a charge equivalent to an internal tax imposed in respect of a like domestic article or in respect of a commodity from which the imported article has been manufactured or produced in whole or in part.

ARTICLE X

In respect of articles the growth, produce or manufacture of the United States of America or of the Republic of Paraguay enumerated and described in Schedules I and II, respectively, imported into the other country, on which *ad valorem* rates of duty, or duties based upon or regulated in any manner by value, are or may be assessed, the general principles applicable in the respective countries for determining dutiable value and converting currencies shall not be altered so as to impair the value of any of the concessions provided for in this Agreement.

ARTICLE XI

1. No prohibition, restriction or any other form of quantitative regulation shall be imposed by the Government of the Republic of Paraguay on the importation, sale, distribution or use of any article the growth, produce or manufacture of the United States of America enumerated and described in Schedule I, or by the Government of the United States of America on

the importation, sale, distribution or use of any article the growth, produce or manufacture of the Republic of Paraguay enumerated and described in Schedule II.

2. The foregoing provision shall not prevent the Government of the United States of America or the Government of the Republic of Paraguay from imposing quantitative regulations in whatever form on the importation or sale of any article in conjunction with governmental measures or measures under governmental authority operating to regulate or control the production, market supply, quality or prices of like domestic articles, or tending to increase the labor costs of production of such articles, or to maintain the exchange value of the currency of the country. Whenever the Government of either country proposes to impose or to alter substantially any quantitative regulation authorized by this paragraph, it shall give notice thereof in writing to the other Government and shall afford such other Government an opportunity to consult with it in respect of the proposed action; and if agreement with respect thereto is not reached the Government which proposes to take such action shall, nevertheless, be free to do so and the other Government shall be free within thirty days after such action is taken to terminate this Agreement in whole or in part on thirty days' written notice.

ARTICLE XII

1. If, as a result of unforeseen developments and of the concession granted on any article enumerated and described in the Schedules annexed to this Agreement, such article is being imported in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or similar articles, the Government of either country shall be free to withdraw the concession, in whole or in part, or to modify it to the extent and for such time as may be necessary to prevent such injury. Accordingly, if the President of the United States of America finds as a fact that imports of any article enumerated and described in Schedule II are entering the United States of America under the circumstances specified in the preceding sentence, he shall determine whether the withdrawal, in whole or in part, of the concession with regard to the article, or any modification of the concession, by the imposition of quantitative regulations or otherwise, is necessary to prevent such injury, and he shall, if he finds that the public interest will be served thereby, proclaim such finding and determination, and on and after the effective date specified in such proclamation, and so long as such proclamation remains in effect, imports of the article into the United States of America shall be subject to the customs treatment so determined to be necessary to prevent such injury. Similarly, if the Government of the Republic of Paraguay finds as a fact that any article enumerated and described in Schedule I is being imported into the Republic of Paraguay under the cir-

cumstances specified, it may, if it finds that the public interest will be served thereby, withdraw in whole or in part the concession with regard to the article, or modify the concession by the imposition of quantitative regulations or otherwise, to the extent and for such time as may be necessary to prevent such injury.

2. Before the Government of either country shall withdraw or modify a concession pursuant to the provisions of paragraph 1 of this Article, it shall give notice in writing to the Government of the other country as far in advance as may be practicable and shall afford such other Government an opportunity to consult with it in respect of the proposed action; and if agreement with respect thereto is not reached the Government which proposes to take such action shall, nevertheless, be free to do so and the other Government shall be free within thirty days after such action is taken to terminate this Agreement in whole or in part on thirty days' written notice.

ARTICLE XIII

1. The Government of the United States of America and the Government of the Republic of Paraguay agree to consult to the fullest possible extent in regard to all matters affecting the operation of the present Agreement. In order to facilitate such consultation, a Commission consisting of representatives of each Government shall be established to study the operation of the Agreement, to make recommendations regarding the fulfillment of the provisions of the Agreement, and to consider such other matters as may be submitted to it by the two Governments.

2. If the Government of the United States of America or the Government of the Republic of Paraguay should consider that any measure adopted by the other Government, even though it does not conflict with the terms of this Agreement, has the effect of nullifying or impairing any object of the Agreement, such other Government shall give sympathetic consideration to such written representations or proposals as may be made with a view to effecting a mutually satisfactory adjustment of the matter.

ARTICLE XIV

1. The provisions of this Agreement relating to the treatment to be accorded by the United States of America and the Republic of Paraguay, respectively, to the commerce of the other country shall apply to the respective customs territories of the two countries.

2. Furthermore, the provisions of this Agreement relating to most-favored-nation treatment shall apply to all territory under the sovereignty or authority of the United States of America or the Republic of Paraguay, except that they shall not apply to the Panama Canal Zone.

ARTICLE XV^s

1. The advantages now accorded or which may hereafter be accorded by the United States of America or the Republic of Paraguay to adjacent countries in order to facilitate frontier traffic, and advantages accorded by virtue of a customs union to which either country may become a party, shall be excepted from the operation of this Agreement.

2. The advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another or to the Republic of Cuba shall be excepted from the operation of this Agreement. The provisions of this paragraph shall continue to apply in respect of any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another, irrespective of any change in the political status of any of the territories or possessions of the United States of America.

ARTICLE XVI

1. Nothing in this Agreement shall be construed to prevent the adoption or enforcement of measures

- (a) imposed on moral or humanitarian grounds;
- (b) designed to protect human, animal or plant life or health;
- (c) relating to prison-made goods;
- (d) relating to the enforcement of police or revenue laws;
- (e) relating to the importation or exportation of gold or silver;
- (f) relating to the control of the export, sale for export, or transit of arms, ammunition, or implements of war, and, in exceptional circumstances, all other military supplies;
- (g) relating to neutrality;
- (h) relating to public security, or imposed for the protection of the country's essential interests in time of war or other national emergency.

2. The provisions of this Agreement relating to the sale, taxation or use of imported articles within the United States of America are understood to be subject to the constitutional limitations on the authority of the Federal Government.

ARTICLE XVII

1. This Agreement shall be proclaimed by the President of the United States of America and shall be made effective in the Republic of Paraguay

^s For amendments to art. XV, para. 1, see agreements of Apr. 2, 1962 (13 UST 407; TIAS 5000), and July 26, 1963 (14 UST 1021; TIAS 5396); for an understanding relating to art. XV, para. 2, see p. 946.

in conformity with the laws of that country. It shall enter into force on the thirtieth day following the day of the proclamation thereof by the President of the United States of America and publication thereof in the *Gaceta Oficial* of the Republic of Paraguay, or, should such proclamation and publication take place on different days, on the thirtieth day following the date of the later in time of such proclamation or publication, and, subject to the provisions of Article XI and Article XII, shall remain in force for a period of two years thereafter.

2. Unless six months before the expiration of the aforesaid period of two years the Government of the United States of America or the Government of the Republic of Paraguay shall have given in writing to the other Government notice of intention to terminate this Agreement upon the expiration of the aforesaid period, the Agreement shall remain in force thereafter, subject to the provisions of Article XI and Article XII, until six months from the date on which notice of intention to terminate it shall have been given by either Government.

IN WITNESS WHEREOF, the respective Plenipotentiaries sign this Agreement and affix their seals hereto.

DONE in duplicate, in the English and Spanish languages, both authentic, in the City of Asunción this twelfth day of September, 1946.

For the President of the United States of America:

WILLARD L. BEAULAC [SEAL]

For the President of the Republic of Paraguay:

M. A. SOLER [SEAL]

[For schedules annexed to agreement, see 61 Stat. 2607 or p. 22 of TIAS 1601.]

EXCHANGES OF NOTES

The Minister of Foreign Relations and Worship to the American Ambassador

[TRANSLATION]

REPUBLIC OF PARAGUAY

Asunción, September 12, 1946

MR. AMBASSADOR:

I have the honor to refer to the conversations between the representatives of the Governments of the Republic of Paraguay and the United States of America, in connection with the Trade Agreement signed this day, regarding trade relations between Paraguay and contiguous countries and Uruguay.

In the course of these conversations, the Paraguayan representatives have pointed out that although the Government of the Republic of Paraguay is completely in accord with the principle expressed by the representatives of the Government of the United States of America, that international trade should be developed to the fullest extent possible on a multilateral unconditional most-favored-nation basis, the Government of Paraguay may consider it necessary, in special circumstances, to grant certain tariff preferences to contiguous countries and Uruguay.

The Paraguayan representatives have referred in this connection to the recommendation, adopted by the Inter-American Financial and Economic Advisory Committee on September 18, 1941, that any such tariff preferences, in order to be an instrument for sound promotion of trade, should be made effective through trade agreements embodying tariff reductions or exemptions; that the parties to such agreements will reserve the right to reduce or eliminate the customs duties on like imports from other countries; and that any such regional tariff preferences should not stand in the way of any broad programs of economic reconstruction involving the reduction of tariffs and the scaling down or elimination of tariff and other trade preferences with a view to the fullest possible development of international trade on a multilateral unconditional most-favored-nation basis.

The conversations to which I have referred have disclosed a mutual understanding as follows:

The Government of the United States of America will not invoke the provisions of Article I of the Trade Agreement signed this day for the purpose of obtaining the benefit of tariff preferences meeting the requirements of the aforementioned recommendation, adopted by the Inter-American Financial and Economic Advisory Committee, which Paraguay may accord to a contiguous country or to Uruguay, it being understood that if any such preference should be offered by Paraguay to any noncontiguous country, other than Uruguay, it would be extended immediately and unconditionally to the United States of America.

Accept, Mr. Ambassador, the renewed assurances of my highest consideration.

MIGUEL ANGEL SOLER

His Excellency

WILLARD L. BEAULAC,

*Ambassador Extraordinary and Plenipotentiary
of the United States of America,
City.*

The American Ambassador to the Minister of Foreign Relations and Worship

EMBASSY OF THE
UNITED STATES OF AMERICA
Asunción, September 12, 1946

EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's note of today's date with reference to the agreement reached between representatives of the Government of the United States of America and the Government of the Republic of Paraguay, in connection with the Trade Agreement signed this day, regarding trade relations between Paraguay and contiguous countries and Uruguay.

[Here the U.S. note repeats the second, third, fourth, and fifth paragraphs of the Paraguayan note, above.]

Accept, Excellency, the renewed assurances of my highest consideration.

WILLARD L. BEAULAC

His Excellency

DOCTOR MIGUEL ANGEL SOLER,
Minister of Foreign Relations and Worship.

The American Ambassador to the Minister of Foreign Relations and Worship

EMBASSY OF THE
UNITED STATES OF AMERICA
Asunción, September 12, 1946

EXCELLENCY:

I have the honor to refer to the discussions during the course of the negotiation of the Trade Agreement between our two Governments signed this day with regard to the duties and surtaxes to be imposed, upon importation into the Republic of Paraguay, on certain products of the United States of America included in Schedule I of the Agreement. The following is my understanding of the customs treatment which will be accorded by the Republic of Paraguay to such articles the growth, produce or manufacture of the United States of America, upon their importation into the Republic of Paraguay, so long as the Trade Agreement remains in force:

1. Each of the articles enumerated and described in List 1 of this note shall be exempt from ordinary customs duty in excess of that set forth and provided for in List 1, so long as the 50 percent increase in the basic rate of duty on such articles provided for by Decree No. 54,777 of November 22, 1934 remains suspended.

LIST 1

Paraguayan Tariff Paragraph Number	Description of Article	Unit	Duties (in Guaranies)
154	Tobacco:		
	(a) In cigarettes	Thousand	3. 82
283	Toilet colors, eyebrow and eyelash pencils, lipsticks and rouge, depilatory preparations, nail polish and color; powdered sheets for the dressing table, and in general all cosmetics not specified, perfumed or not	L. K.	2. 55
290	Toilet soap not elsewhere specified, in paste, cream, solid, liquid, or powdered form	L. K.	0. 64
	Note: No article classified under paragraph 290 will pay, without taking into account the surtax, a duty less than, <i>ad valorem</i>		22%
292	Paste, powder, soap, and any preparation not specified, for dental cleaning and hygiene, perfumed or not	L. K.	0. 95

2. Should the exemption from payment of the 50 percent increase in duty be discontinued in the case of any article enumerated and described in List 1 of this note, such article shall thereafter be exempt from ordinary customs duty in excess of that set forth and provided for in Schedule I of the Trade Agreement.

3. Each of the articles enumerated and described in List 2 of this note shall be exempt from customs surtax, so long as the customs surtax on such article provided for by Decree-Law No. 19,360 of August 12, 1943, as amended by Decree No. 914 of October 22, 1943, remains suspended.

LIST 2

Paraguayan Tariff Paragraph Number	Description of Article
43	Prunes in general
55	Fruits and berries dried or desiccated, not elsewhere specified, for food
Ex-63	Raisins:
	Seedless
283	Toilet colors, eyebrow and eyelash pencils, lipsticks and rouge, depilatory preparations, nail polish and color; powdered sheets for the dressing table, and in general all cosmetics not specified, perfumed or not

4. Should the exemption from the payment of customs surtax be discontinued in the case of any article enumerated and described in List 2 of this note, such article may thereafter be subject, notwithstanding the provisions of Article VII of the Trade Agreement, to a customs surtax not in excess of 11 percent *ad valorem*.

Accept, Excellency, the renewed assurances of my highest consideration.

WILLARD L. BEAULAC

His Excellency

Doctor MIGUEL ANGEL SOLER,

Minister of Foreign Relations and Worship.

The Minister of Foreign Relations and Worship to the American Ambassador

[TRANSLATION]

REPUBLIC OF PARAGUAY

Asunción, September 12, 1946

MR. AMBASSADOR:

I have the honor to acknowledge the receipt of Your Excellency's note of today's date, concerning the discussions during the course of the negotiation of the Trade Agreement between our two Governments signed this day with regard to the duties and surtaxes to be imposed, upon importation into the Republic of Paraguay, on certain products of the United States of America included in Schedule I of the Agreement.

I have the honor to confirm the understanding set forth in Your Excellency's note.

Please accept, Mr. Ambassador, the renewed assurances of my highest consideration.

MIGUEL ANGEL SOLER

His Excellency

WILLARD L. BEAULAC,

*Ambassador Extraordinary and**Plenipotentiary of the United States of America,
City.*

The American Ambassador to the Minister of Foreign Relations and Worship

EMBASSY OF THE

UNITED STATES OF AMERICA

Asunción, September 12, 1946

EXCELLENCY:

I have the honor to refer to conversations between the representatives of the Governments of the United States of America and the Republic of Paraguay, in connection with the Trade Agreement signed this day, relating to the application of Paragraph 2 of Article XV of the Agreement to the Philippine Islands.

Since the inception of the negotiations which have thus culminated in the signature of the Agreement, my Government has intended that advantages accorded to the Philippines should, regardless of any change in political status, be excepted from the operation of the Agreement. Accordingly, as a result of the conversations referred to, it is the understanding of my Government that the two Governments are in agreement that, notwithstanding the inauguration of an independent Philippine Government on July 4, 1946, Paragraph 2 of Article XV of the Trade Agreement will be interpreted to mean that advantages which the United States now or hereafter accords to

the Republic of the Philippines are excepted from the operation of the Agreement.

Accept, Excellency, the renewed assurances of my highest consideration.

WILLARD L. BEAULAC

His Excellency

DOCTOR MIGUEL ANGEL SOLER,

Minister of Foreign Relations and Worship.

The Minister of Foreign Relations and Worship to the American Ambassador

[TRANSLATION]

REPUBLIC OF PARAGUAY

Asunción, September 12, 1946

MR. AMBASSADOR:

I have the honor to acknowledge the receipt of Your Excellency's note of today's date, and to confirm the understanding of the two Governments set forth therein that Paragraph 2 of Article XV of the Trade Agreement signed today will be interpreted to mean that advantages which the United States now or hereafter accords to the Republic of the Philippines are excepted from the operation of the Agreement.

Accept, Mr. Ambassador, the renewed assurances of my highest consideration.

MIGUEL ANGEL SOLER

His Excellency

WILLARD L. BEAULAC,

Ambassador Extraordinary and

Plenipotentiary of the United States of America,

City.